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SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8008)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM")
OF THE STOCK EXCHANGE**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

HIGHLIGHTS

- SUNeVision continued to grow as it entered the 2016/17 financial year. It generated profit attributable to owners of the Company of HK\$132.9 million for the quarter ended 30 September 2016, an increase of 9% over the same quarter last year.
- Revenue for the quarter was HK\$275.0 million, a 15% growth over the same quarter last year. This was due principally to higher revenue from the Group's data centre operations as a result of healthy rental reversions from existing customers and revenue from new customers.
- Gross profit for the quarter increased to HK\$168.0 million, with gross margin for the quarter at 61%. Cost of sales for the quarter rose by HK\$22.2 million to HK\$107.0 million. This was mainly due to higher rental expenses incurred for expanded capacity taken up at MEGA Two (Sha Tin) and additional human resources invested in meeting the needs for development and expansion.
- Operating expenditure for the quarter increased to HK\$15.5 million. This was mainly due to the expansion of sales and marketing resources to broaden the reach to potential customers in anticipation of the complete revitalization of MEGA Two and the new MEGA Plus (Tseung Kwan O) facilities.
- The Group had approximately HK\$1,108.5 million in cash and interest-bearing securities on hand as of 30 September 2016. The Group had a medium-term bank borrowing of HK\$194.6 million.

	Jul to Sep 2016 HK\$'M	Jul to Sep 2015 HK\$'M
Revenue	<u>275.0</u>	<u>239.3</u>
Gross profit	168.0	154.5
Other income	6.1	3.7
Operating expenditure *	<u>(15.5)</u>	<u>(12.4)</u>
Profit before taxation	158.6	145.8
Income tax expense	<u>(25.7)</u>	<u>(23.8)</u>
Profit for the period attributable to owners of the Company	<u>132.9</u>	<u>122.0</u>

* Selling, general and administrative expenses

CHAIRMAN'S STATEMENT

SUNeVision maintained its growth momentum as it started the 2016/17 financial year, reporting profit attributable to owners of the Company of HK\$132.9 million for the quarter ended 30 September 2016, an increase of 9% over the same quarter last year.

Revenue for the quarter rose 15% to HK\$275.0 million, largely attributable to a growth in revenue from the Group's data centre operations. During the quarter, iAdvantage continued to win new business and renew existing contracts with major multinational and local customers. The pursuit of high-growth cloud and related customers continued to be our focus, while more attention was put on enterprises that are increasingly receptive to cloud. An increase of 26% in the cost of sales was reported during the quarter, mainly because of higher rental expenses incurred for expanded capacity taken up at MEGA Two (Sha Tin) and additional human resources invested in meeting the needs for development and expansion. Gross profit amount rose 9% to HK\$168.0 million, with gross margin for the quarter at 61%.

Operating expenditure increased from HK\$12.4 million to HK\$15.5 million. This was mainly due to the expansion of sales and marketing resources to broaden the reach to potential customers in anticipation of the complete revitalization of the MEGA Two and new MEGA Plus (Tseung Kwan O) facilities.

The Group's financial position remained healthy with approximately HK\$1,108.5 million in cash and interest-bearing securities on hand as of 30 September 2016. The Group also had a medium-term bank borrowing of HK\$194.6 million. On 24 October 2016, the Group further utilised the remaining term loan facility of HK\$800 million and, together with the existing cash on hand, the Group has ample liquidity and financial resources to meet its funding requirements in the short term. Payment of a HK\$509.3 million final dividend and distribution for the 2015/16 financial year, which was approved by the shareholders at the Annual General Meeting on 28 October 2016, will be made on 17 November 2016.

Looking ahead, the Group will continue to enhance its assets and service quality. The transformation of the entire MEGA Two facility into a top-tier data centre is in the final stage. When completed, it will be fully dedicated to data centre use, ensuring first-rate security, power provision and facility management to customers. It is also expected to be a favoured second site for existing customers at MEGA. At the same time, the construction of our brand new facility in Tseung Kwan O is well on track for completion in 2017. This will be the first purpose-built, Tier-4 ready facility on land dedicated to data centre use, which distinctly differentiates it from nearby data centre sites in the industrial estate which has restrictions on usage. MEGA Plus has no subletting issues, allowing customers to meet all their business and compliance requirements. These investments and new capacity will provide the Group with a good foundation for growth to satisfy the rising demand for top-tier, premium-service data centres. Besides building new facilities, the Group is investing to upgrade our existing data centres, to ensure they remain state-of-the-art and can meet the needs of our clients.

I would like to close by thanking the Board, management and every member of our committed staff for their dedication and hard work, and our shareholders for their continued confidence and support.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 2 November 2016

CHIEF EXECUTIVE OFFICER'S REPORT

OVERVIEW

SUNeVision reported its unaudited results for the first quarter of the 2016/17 financial year, with HK\$132.9 million profit attributable to owners of the Company.

BUSINESS REVIEW

iAdvantage

During the period, iAdvantage secured new orders from another leading global cloud service provider and also anticipated the further expansion plan of various telecommunication service providers. Work on several major enhancement and expansion projects to maintain iAdvantage's position as a leading data centre operator in Hong Kong continued. The optimization of the flagship MEGA facility, one of the most highly regarded data centres in Hong Kong, will enhance its ability to meet the increasing loading requirements of existing customers, as well as provide more capacity for new clients.

The transformation of the entire MEGA Two facility in Sha Tin into a dedicated data centre building is in the final stage and is attracting more interests from the market, especially among major telecommunication and cloud players. The transformation has proven to be a strong attraction to customers with high standards for mission critical operations.

Construction of the new MEGA Plus flagship facility in Tseung Kwan O is moving into the final stage and solidly on track for completion in 2017. Interest from potential partners has been encouraging. The facility was designed with an understanding of the latest customer needs and leverages the Group's rich data centre operation experience. It is being built for flexibility to meet varying levels of resilience and power density for different customer needs. It will also meet environmental friendly requirements with high effectiveness in power usage to achieve best-in-class in energy saving. MEGA Plus will be the only data centre built on dedicated data centre land in the Tseung Kwan O area, facing no subletting restrictions.

We have continued to invest in strengthening our sales and service capability for expansion. We expect our new and expansion projects to bring good growth and returns to shareholders.

Super e-Technology

During the reporting period, Super e-Technology secured contracts for the installation of security surveillance, SMATV and IT systems totalling approximately HK\$5.5 million.

Super e-Technology maintains a positive outlook for the security surveillance and SMATV sectors in the new financial year, and continues to actively pursue opportunities to expand its service offerings.

Super e-Network

Super e-Network continues to capture new business providing wireless LAN infrastructure in shopping malls and is proactively seeking opportunities to bid for new projects and to expand its client base.

INVESTMENT

SUNeVision maintained its prudent approach to financial management. At the same time, it is also committed to continued investment in existing and new infrastructure to enhance the further development of its businesses.

I would like to close by thanking the members of the Board for their support and guidance, all members of our staff for their dedication and commitment, and our shareholders and customers for their continued confidence and support.

Yan King-shun, Peter
Chief Executive Officer

Hong Kong, 2 November 2016

Quarterly Results

For the period ended 30 September 2016 (Unaudited)

The Board of Directors of SUNeVision Holdings Ltd. (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2016 together with the comparative unaudited figures for the corresponding period in 2015 as follows:

Consolidated Income Statement

	Notes	Three months ended 30 September	
		2016 HK\$'000	2015 HK\$'000
Revenue	2	274,996	239,332
Cost of sales		(107,034)	(84,847)
		-----	-----
Gross profit		167,962	154,485
Other income	3	6,134	3,734
Selling expenses		(2,814)	(1,849)
Administrative expenses		(12,644)	(10,602)
		-----	-----
Profit before taxation		158,638	145,768
Income tax expense	4	(25,708)	(23,812)
		-----	-----
Profit for the period attributable to owners of the Company		132,930	121,956
		=====	=====
Earnings per share	5		
- Basic (Remark (i))		3.29 cents	3.02 cents
		=====	=====
- Diluted (Remarks (i) and (ii))		3.29 cents	N/A
		=====	=====

Remarks:

- (i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Notes(s)", which were constituted by the deed poll dated 25 November 2010) alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding Convertible Notes which could be converted into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 ordinary shares which form the basis for the calculation of basic and diluted earnings per share. Adjustments are made in respect of shares repurchased.
- (ii) The calculation of diluted earnings per share for the three months ended 30 September 2016 has been taken into account of potential ordinary shares of 3,492,947 shares in existence arising from the share options granted on 8 March 2016. The dilutive effect of the potential ordinary shares to Group's basic earnings per share is insignificant. There were no dilutive potential ordinary shares in existence during the three months ended 30 September 2015.

Details of earnings per share calculation and the Company's share capital are set out in notes 5 and 7 respectively.

Consolidated Statement of Comprehensive Income

	Three months ended 30 September	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the period	132,930	121,956
Other comprehensive (expense)/income for the period		
Items that may be reclassified subsequently to the consolidated income statement:		
Change in fair value of investments	(1,603)	481
Exchange differences arising from translation of operations outside Hong Kong	(3)	(18)
	(1,606)	463
Total comprehensive income for the period	131,324	122,419
Total comprehensive income attributable to:		
Owners of the Company	131,353	122,757
Non-controlling interests	(29)	(338)
	131,324	122,419

Notes to the Quarterly Results

1. BASIS OF PREPARATION

The Group's unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The principal accounting policies used in the quarterly financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2016.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning 1 July 2016, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

2. REVENUE

Revenue represents the aggregate of income from data centre and information technology facilities, installation and maintenance of satellite master antenna television, communal aerial broadcast distribution, structural cabling and security systems, property rentals and building management services, after elimination of all significant inter-company transactions between group companies.

3. OTHER INCOME

	Three months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Interest income	5,904	3,240
Miscellaneous	230	494
	-----	-----
	6,134	3,734
	=====	=====

4. INCOME TAX EXPENSE

	Three months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Hong Kong profits tax	25,526	25,474
Deferred tax charge/(credit)	182	(1,662)
	-----	-----
	25,708	23,812
	=====	=====

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the period.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	132,930	121,956
	=====	=====
	2016 Number of shares	2015 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,042,399,666	4,042,399,666
Effect of dilutive potential ordinary shares: Share options	3,492,947	

Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,045,892,613	
	=====	

For the purposes of basic and diluted earnings per share, the weighted average number of ordinary shares is calculated after taking into account the effect of the issuance of bonus shares (with a Convertible Note alternative) in November 2010. Details of the issuance of bonus shares are set out in note 7.

Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the three months ended 30 September 2016.

There were no dilutive potential ordinary shares in existence during the three months ended 30 September 2015.

6. RESERVES

	Three months ended 30 September							2015
	2016							
	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note (i))	Share option reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000 (Note (ii))	Total HK\$'000	Total HK\$'000
At beginning of the period	2,315,239	172,003	1,100	2,374	8,245	834,064	3,333,025	3,270,119
Profit for the period	-	-	-	-	-	132,930	132,930	121,956
Change in fair value of investments	-	-	-	-	(1,603)	-	(1,603)	481
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	26	-	-	26	320
Total comprehensive income for the period	-	-	-	26	(1,603)	132,930	131,353	122,757
Recognition of equity-settled share-based payments	-	-	722	-	-	-	722	-
At end of the period	2,315,239	172,003	1,822	2,400	6,642	966,994	3,465,100	3,392,876

Notes:

- (i) Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a "Convertible Note" alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 on the basis of one bonus share for every existing share held by the shareholders of the Company whose names appeared on the register of members of the Company on 1 November 2010.

Reserve arising from issuance of Convertible Notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the period end. The Convertible Notes in the amounts of HK\$50.00 (2015: HK\$150.00) were exercised and converted into 500 (2015: 1,500) ordinary shares by noteholders during the three months ended 30 September 2016. As a result, the Convertible Notes in the amount of HK\$172,002,633.30 (2015: HK\$172,002,683.30) remained outstanding as at 30 September 2016.

The Convertible Notes are unlisted, non-transferable and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the Convertible Notes. The Convertible Notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at anytime after the issue of the Convertible Notes, subject to the terms and conditions of the deed poll constituting the Convertible Notes. The Convertible Notes were recognised as equity and are presented in reserves as "reserve arising from issuance of convertible notes".

- (ii) At a meeting held on 2 September 2016, the Board recommended the declaration of a final dividend of HK12.60 cents per share for the year ended 30 June 2016. The declaration of the final dividend was approved by the shareholders at the Annual General Meeting on 28 October 2016. This final dividend was not included as a dividend payable in the consolidated statement of financial position as at 30 September 2016.

7. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2015, 30 June 2016 and 30 September 2016	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2015	2,322,371,333	232,237
Conversion of Convertible Notes (Note)	1,500	-
At 30 June 2016	2,322,372,833	232,237
Conversion of Convertible Notes (Note)	500	-
At 30 September 2016	2,322,373,333	232,237

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a Convertible Note alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 to the shareholders of the Company who were entitled to those bonus shares and did not elect to receive the Convertible Notes.

Convertible Notes in the amount of HK\$172,029,218.80 were issued to shareholders of the Company who elected for the Convertible Note alternative, and the same amount was capitalised from the Company's share premium account as "reserve arising from issuance of convertible notes". Holders of the Convertible Notes are entitled to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue. Accordingly, Convertible Notes can be converted into ordinary shares of HK\$0.1 each on a one-to-one basis.

During the three months ended 30 September 2016, Convertible Notes in the amount of HK\$50.00 (2015: HK150.00) were exercised and converted into 500 (2015: 1,500) ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued/(issued) upon conversion	Amount HK\$'000
At 1 July 2015	1,720,028,333	172,003
Conversion of Convertible Notes	(1,500)	-
At 30 June 2016	1,720,026,833	172,003
Conversion of Convertible Notes	(500)	-
At 30 September 2016	1,720,026,333	172,003

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,042,399,666 fully paid ordinary shares of HK\$0.1 each.

Details of the bonus issue of shares (with a convertible note alternative) are set out in the circular of the Company dated 29 September 2010.

DIVIDEND

The board of Directors of the Company (the "Board") does not recommend the payment of an interim dividend for the three months ended 30 September 2016 (2015: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 30 September 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

By order of the Board
SUNEVISION HOLDINGS LTD.
Lee Kok-ming
Company Secretary

Hong Kong, 2 November 2016

As at the date of this announcement, the Board comprises four Executive Directors, being Kwok Ping-luen, Raymond, Yan King-shun, Peter, Tung Chi-ho, Eric and Wong Chin-wah; four Non-Executive Directors, being Cheung Wing-yui, Fung Yuk-lun, Allen, David Norman Prince and Siu Hon-wah, Thomas; and five Independent Non-Executive Directors, being Li On-kwok, Victor, King Yeo-chi, Ambrose, Wong Kai-man, Kwok Kwok-chuen and Lee Wai-kwong, Sunny.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.sunevision.com.